



# **Repaso para el Segundo Examen Departamental del 13 de abril de 2012 CONT 3106**

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# Preguntas de la Sesión de Repaso

1. Which of the following is a characteristic of managerial accounting?
  - a. It often emphasizes segments rather than the organization as a whole.
  - b. It often must follow established rules called generally accepted accounting principles.
  - c. Its primary focus is on providing information to external users.
  - d. It is less flexible than financial accounting.
  
2. Which of the following statements is *false* regarding nonmanufacturing costs?
  - a. They are incurred outside the factory.
  - b. They include selling and administrative costs.
  - c. They are not directly incurred to make a product.
  - d. They include indirect materials and indirect labor costs.



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3. Which of the following would most likely be classified as indirect materials?

- a. Wood used to build a customized bookshelf.
- b. Lubricants used on factory machinery.
- c. Supplies used by the administrative employees.
- d. Packing pellets used for shipping products to customers.

4. Which of the following types of employees would most likely have their wages classified as direct labor?

- a. Factory maintenance worker
- b. Factory supervisor
- c. Managerial accountant
- d. Assembly-line factory worker



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5. Which of the following *decreases* the work-in-process account?
  - a. Raw materials used.
  - b. Cost of goods manufactured.
  - c. Direct labor.
  - d. Manufacturing overhead.
  
6. Companies that manufacture products such as custom-designed decks and pools would most likely use which type of costing?
  - a. Process costing.
  - b. Job costing.
  - c. Operations costing.
  - d. Normal costing.



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MM, Inc. has the following information available for the month of July:

	<u>Beginning</u>	<u>Ending</u>
Raw materials inventory	\$50,000	\$62,000
Work-in-process inventory	80,000	55,000
Finished goods inventory	24,000	35,000
Raw materials purchased		\$120,000
Direct labor costs		60,000
Overhead costs		45,000



7. Raw materials used for July is:

- a. \$112,000.
- b. \$108,000.
- c. \$120,000.
- d. \$132,000.





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8. Refer to MM, Inc.'s information. Cost of goods manufactured for July is:

- a. \$188,000
- b. \$250,000
- c. \$238,000
- d. \$213,000



9. Cost of goods sold for July is:

- a. \$227,000.
- b. \$202,000.
- c. \$249,000.
- d. \$239,000.



10. The formula for calculating the amount of overhead applied to a product is:

- a. Predetermined overhead rate x Estimated units of cost driver
- b. Predetermined overhead rate x Actual overhead costs
- c. Predetermined overhead rate x Actual units of cost driver
- d. Predetermined overhead rate x Estimated overhead costs



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AA & Associates LLP, a CPA firm, assigns overhead to clients based on direct labor hours. The following information is available for the month of March:

Estimated direct labor hrs → 4,000 hours      Actual direct labor hrs → 4,200 hours

Estimated overhead costs → \$ 8,000      Actual overhead costs → \$ 8,190



11. Based on the above information, the predetermined overhead rate for the month of March is:

- a. \$2.00 per direct labor hour
- b. \$0.50 per direct labor hour
- c. \$1.95 per direct labor hour
- d. \$1.90 per direct labor hour



12. The amount of applied overhead for March will be:

- a. \$7,800
- b. \$8,400
- c. \$8,610
- d. \$8,000



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13. Based on the previous information, determine whether overhead was over or under-applied for the month of March:

- a. \$210 over-applied
- b. \$400 over-applied
- c. \$190 under-applied
- d. \$390 under-applied



14. Wintergreen Products allocates overhead based on direct labor hours. During 2009 overhead was over-applied by \$4,000. Assuming that the year-end adjustment to clear out the over-applied overhead has not been done, which of the following statements is most likely *true* if there are no ending inventories?

- a. Cost of goods manufactured is understated.
- b. Direct labor costs are overstated.
- c. Cost of goods sold is overstated.
- d. Net income is overstated.





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15. Which of the following statements is *true* regarding activity-based costing (ABC) ?

- a. It is based on the concept that a single cost driver can generate or cause all overhead costs.
- b. It is based on the concept that activities generate overhead costs.
- c. It is based on the concept that unit-level costs generate or cause all overhead costs.
- d. It is based in the concept that either the number of direct labor or machine hours incurred generates all overhead costs.

16. Which of the following statements is *true* regarding cross-subsidies?

- a. They occur when factory workers are trained to work on many different machines.
- b. They occur when high-volume products are assigned more than their fair share of overhead costs.
- c. They occur when high-volume products have more direct material and direct labor costs than overhead costs.
- d. They occur when more than one cost driver can be determined for a particular overhead cost item.



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17. Activity-based costing (ABC):

- a. Should not be applied to non-manufacturing activities.
- b. Should not be applied to service companies.
- c. Can be applied to administrative activities.
- d. Can only be used by manufacturing companies.

18. In a just-in-time (JIT) environment, the production process often *begins* when:

- a. Products are moved from raw materials to work-in-process.
- b. A customer places an order.
- c. The product is delivered to a customer.
- d. Products are moved from work-in-process to finished goods inventory.



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Hillsborough Street Manufacturing Inc. (HSMI)

HSMI incurred the following costs in 2009:

Direct materials used	\$ 37,000
Direct labor costs	45,000
Factory rent and utilities	18,000
Factory equipment depreciation	10,000
Marketing expenses	3,000
Administrative expenses	9,000

During the year 50,000 units were produced, out of which 40,000 units were sold for \$10 each. There was no beginning or ending raw materials inventory.

19. What is HSMI's product cost per unit?

- a. \$ 3.05
- b. \$ 2.75
- c. \$ 2.44
- d. \$ 2.20





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Joe's Coffee House has the following information for July 2009:

Sales (2,500 cups)	\$ 7,500
Variable costs	3,250
Fixed costs	<u>4,000</u>
Net income	<u>\$ 250</u>



20. Refer to Joe's Coffee House. Each additional cup of coffee sold will increase net income by:

- a. \$ 1.70
- b. \$ 3.00
- c. \$ 1.00
- d. \$ 0.57



21. If Joe's Coffee House sells 500 more cups of coffee per month, net income will:

- a. Increase by \$850
- b. Increase by \$100
- c. Increase by \$150
- d. Increase by \$1,500



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22. All else being equal, if Joe's Coffee House increases the sales price per unit by 10%, net income will:
- a. Increase by \$425
  - b. Increase by \$750
  - c. Increase by \$75
  - d. Not change.

JPI has the following information available for the month of March

Sales (4,000 units)	\$ 40,000
Variable costs	18,000
Fixed costs	<u>5,000</u>
Net income	\$ <u>17,000</u>

23. JPI's management is considering alternatives to increase net income. By what amount do sales dollars need to increase for net income to increase to \$25,000?
- a. \$14,545
  - b. \$25,000
  - c. \$3,000
  - d. \$18,820



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24. All else being equal, which of the following would *not* cause the contribution margin to increase?

- a. A decrease in variable costs per unit.
- b. An increase in sales volume.
- c. A decrease in fixed costs per unit.
- d. An increase in the sales price per unit.

25. As production *increases*, fixed costs *per unit* \_\_\_\_\_.

- a. increase
- b. decrease
- c. stay the same
- d. can not be predicted

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26. Which of the following types of costs is *not* the most likely to be classified as variable?
- Direct materials.
  - Factory supplies
  - Direct labor
  - Administrative building rent
27. A local science museum normally sells admission tickets for \$6 each. The daily maximum capacity for the museum is 500 visitors. At the maximum capacity, fixed costs are \$3 per visitor and variable costs are \$0.50 per visitor. A local school group has approached the museum wishing to purchase 25 special passes at a cost of \$2.00 each. Assuming the museum has excess capacity, if the special order were accepted, net income would:
- Increase by \$37.50
  - Decrease by \$87.50
  - Increase by \$50.00
  - Decrease by \$37.50



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28. You are provided with the following cost/volume information:

<u>Volume (in units)</u>	<u>Total costs (in \$)</u>
200	\$1,000
400	2,000
600	3,000



What type of cost does this information reflect?

- a. Variable.
- b. Fixed.
- c. Step.
- d. Mixed



29. A manufacturer of electronic products is developing a new type of product that will have a target price of \$325. In order to maintain a target profit equal to 30% of the selling price, the target cost should be:

- a. \$ 250.00
- b. \$ 97.50
- c. \$ 152.50
- d. \$ 227.50





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30. A company's manager estimates that in the upcoming year, total variable costs will increase by \$20,000 and total fixed costs will decrease by \$14,000. What will be the anticipated effect on net income?
- Net income will increase by \$34,000.
  - Net income will decrease by \$34,000.
  - Net income will increase by \$6,000.
  - Net income will decrease by \$6,000.



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31. The following items were reported related to the sale of one of the software products sold by Stealth Software, Inc.:

Sales revenue	\$ 30,000
Variable costs	4,950
Fixed costs	<u>4,000</u>
Net income	<b><u>\$ 21,050</u></b>

If the software had a sales price of \$30 per unit, what is the variable cost per unit?

- a. \$165.00
- b. \$ 64.20
- c. \$ 25.05
- d. \$ 4.95



32. If the software had a sales price of 430 per unit, what is the contribution margin per unit?

- a. \$34.95
- b. \$21.05
- c. \$25.05
- d. Can not be determined





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33. Refer to the Stealth Software Inc information. If the sales price per unit is \$30 and the company expects a 30% increase in sales volume this year, along with a 20% decrease in fixed costs, what will be the expected net income this year?

- a. \$30,850
- b. \$41,065
- c. \$23,155
- d. \$29,365



